

Available online at www.sciencedirect.com**ScienceDirect**

Procedia - Social and Behavioral Sciences 156 (2014) 88 – 92

Procedia
Social and Behavioral Sciences

19th International Scientific Conference; Economics and Management 2014, ICEM 2014, 23-25
April 2014, Riga, Latvia

Approach to strategy at public administration organizations in the Czech Republic

Alena Kerlinová^{a*}, Eva Tomášková^b

^{a, b} *Masaryk University, Czech Republic, alena.kerlinova@law.muni.cz*

Abstract

The paper is focused on strategy at public administration organizations. Public administration has to improve economic and social environment. From this reason, it is necessary to offer quality services. Strategy can help to improve activities of public administration organizations. The goal is to confirm or disprove two hypotheses, that strategy is significant for public administration organizations. Description, analysis, comparison and synthesis are the methods used to prepare this paper. A part of the questionnaire with 7-point Likert scale constituted by Kopfová (2012) was used for the research. The results from the research show that public administration organizations have some barriers in strategy development and implementation.

© 2014 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license

(<http://creativecommons.org/licenses/by-nc-nd/3.0/>).

Peer-review under responsibility of the Kaunas University of Technology.

Keywords: Strategy; strategic plan; public administration organizations; research; Czech Republic.

1. Introduction

The paper is focused on strategy at public administration organizations (next PA organizations) in the Czech Republic. It is very important issue because it is still mentioned significance of strategy for companies and the rest of organisations as PA organisations are overshadowed. Authors think that strategy of especially PA organizations is significant for improving economic and social environment in a country.

This paper should to spread knowledge about the approach of strategy at PA organisations. Generally, strategy helps to fulfil goals to companies and PA organisations as well as. The goal is to confirm or disprove two hypotheses. The hypotheses and whole proposal answer to main issue because authors want to find out attitudes

* Corresponding author. Tel.: +420549496008.

E-mail address: alena.kerlinova@law.muni.cz

towards strategy at PA organisations in the Czech Republic. Authors want to continue in solving this problem in the next researches, especially about the quality of strategies. The main result of authors' researches is find out barriers connected with implementation of strategy at PA organizations in the Czech Republic and after then propose eliminations of the barriers.

This research continues on the previous studies in this area and come out from knowledge related to perceiving of strategy and strategic management. At first, it is mentioned short development and new information in this area. Hypotheses are stated with the view on knowledge authors dealing in the research of strategy.

Strategy and whole strategic management itself developed between fifties and sixties years of 20th century. Until today there were written many publications and papers containing various definitions and procedures. Thus it's possible to say that nowadays exist neither unified theory nor practice of strategy and formation and process of strategic management. Nevertheless, all current approaches can be signified as social oriented. Gibson (1997) offers the first social oriented approach. According to Gibson (1997) it is necessary to leave the old thinking which are the opinion that managers are able to control and predict the future and have confirm the new thinking based on discontinuous changes. Discontinuous changes are close to the next social oriented approach – to be proactive and innovative. Hamel and Prahalad (1994) develop the idea of the core competencies. The sence of core competencies is that management has to make decision according to importance for the company and what it does better than its competitors. Hamel and Breen (2007) discuss various forms of the innovations.

Next group of social oriented approaches is aimed to stakeholders. Juščius and Snieska (2008) stress differences in connections of various stakeholders with a company. They have differentiated influence and importance for the companies' decisions. One of the key stakeholders is customers and employees. There were written a lot of studies about customer orientation and employee orientation which are parts of market orientation. The most important part of market orientation is interfunctional coordination (Tomášková & Kaňovská, 2012). According to Tomášková and Kopfová (2010) management has high impact on interfunctional coordination and employees. Today's Valackiene and Miceviciene (2011) discuss stakeholder orientation and balanced corporate social responsibility.

Human capital is very tightly connected with the knowledge as well as. These companies are called learning organization. Senge (1990) marks the learning organizations as a flexible, quickly reacting with smaller amount of bureaucracy and the abilities to learn. Sedziuviene and Vveinhardt (2010) stress importance knowledge for a company.

Current studies are focused on strategy and strategic management at PA organizations. Although utilization of strategy and strategic management is especially in private sector, it is possible to use a lot of principles in public sector (e.g. Bryson, 2004; Llewellyn & Tappin, 2003). It is required to implement basic strategic principles as vision, mission and strategic plan (Skietrys, Raipa & Bartkus, 2008). The reason is higher performance at public sector. This issue is solved by academics in their scientific research studies and government representativeness as well as. Nevertheless, public sector is limited in production of quantity and quality of goods and services (Boyne et al., 2003). Private sector and public sector are some specific characteristics. How to mention Nutt and Backhoff (1993), PA organizations are more bureaucratic, public managers do not have to limited possibilities to determine missions of organizations and to make decisions in personnel area and employees in PA organization are less financial motivated. Rusaw (2007) stress that public sector makes decisions according to especially legislative rather than market-driven changes. Public managers have to overcome obstacles with a lack of financial and human resources.

Authors expect that managers in PA organizations have basic knowledge about management and they know that it is necessary to determine vision, mission, goals and strategy. It is the first step for implementation principles of strategic management. Organizations will make all important activities; and these activities will be done on time (Pulendran, Speed & Widing, 2000). There are many potential benefits from adopting the concept of strategy in public sector organizations (Ferlie, 2002; Ring & Perry, 1985). Accordingly, strategic management and public policy cannot be compared or mixed once they operate in different organizational and institutional settings (Broadbent et al., 1991).

The second step to implementation of strategic management principles is elaboration of strategic plan. A high quality planning system has positive impact on all activities of organizations. Although, elaboration of strategic plan is necessary, authors think that according to Rusaw (2007), managers in PA organizations are often limited and for this reason, they do not elaborated strategic plan. The barriers for non-elaborating of strategic plan can be finance

and human resources (Rusaw, 2007), decision authority (Lane, 1993) and time for a lot of bureaucracy activities (Nutt & Backoff, 1993).

2. Method

Authors used a questionnaire with 7-point Likert scale for a measurement of relationship to strategy and strategic management, which was constituted by Kopfová (2012). The data collecting was realized in the spring of 2013. Each questionnaire was filled on the basis of controlled interview with manager at any hierarchical level of the PA organization. The complete database was analysed especially by using methods of descriptive statistics (arithmetic mean, mode, median, standard deviation) and correlations. Authors have selected only two hypotheses for this paper from the whole research for conditions of this extended abstract. Authors have used only methods of descriptive statistics for confirmation of these two hypotheses.

Authors have collected data from altogether 95 organizations, 10 of them were related to public sector but not public administration. Thus, the data from 85 PA organizations were used for further processing. Most of this data came from municipal authorities, but authors received answers from tax offices, labor offices, police departments and e. g. ministry too. From this research is possible to see some tendencies of strategy in PA organizations.

Authors have determined two hypotheses:

H1: PA organizations think that developing of strategy conception is important. Authors have two questions on this topic. The first is that managers think developing strategic conception as important. The second is opposite to the first – managers think processing of strategic document for waste of time.

H2: PA organizations do not elaborated strategic plan.

H2a: Time and finances are the main reason for non-elaborating of strategic plan. Authors think that finance and a lack time are the main barriers at PA organizations in the Czech Republic.

3. Results

According to the answers in questionnaires, the first hypothesis can be considered as valid. More than half of addressed managers confirm the importance of developing strategic conception in the PA organization. About 56 % of respondents chosen six or seven on the 7-point Likert scale where seven represent complete agreement. On the other hand, most of managers in PA organizations don't think that creation of strategic document can waste of time. The basic statistical characteristics in answers of these two questions are shown in Table 1.

Table 1. Statistical characteristics of statements related to hypotheses

	Arithmetic mean	Standard deviation	Mode	Median
Developing of strategic conception is regarded as important.	5.28	1.48	6	6
Developing of strategic document is regarded as waste of time.	2.58	1.73	1	2
Developing and implementing of strategy is or could be costly for organizations.	3.01	1.5	3	3
Organization has no time for strategic management due to a number of operational tasks.	4.65	1.53	4	5
Organization developed or would develop a strategy because of the possibility to seek to grants.	2.38	1.91	1	2

By the second hypothesis, its confirming or disproving isn't so definite. Authors cannot say that PA organizations do not elaborated strategic plan, because only 22 respondents (which is 25.9 %) chosen the answer "no" the question "Does your organization have elaborated strategy?". On the contrary, only 37 PA organizations (43.5 %) implemented their strategy successfully. The rest of the PA organizations (30.6 %) strategy developed but don't implement. Whereas 21 respondents stated that it appeared the effort to implement the strategy, but fails, 5 respondents admits that the strategy of PA organization has become a dead document.

In connection with the second hypothesis authors have also assumed that time and finances are the main reason for non-elaborating of strategic plan. Therefore authors compare the responses of relevant questions of each from

four groups of PA organizations – these which didn't elaborate strategy, these which successfully implemented strategy, these with a wasted effort to implement strategy and these with strategy as dead document. Results of this comparison are very interesting and quite surprising for us. Neither time nor finances can be labeled as confirmed reasons for non-elaborating of strategic plan.

Most of managers don't think that developing and implementing of strategy is or could be costly for PA organizations. Average rating of the question about financial demand was 3.01 with standard deviation 1.5. The mode and the median were both 3. More than 61 % respondents disagreed with this statement, with varying intensity. In comparison of PA organization's groups, the managers from the PA organizations with elaborated strategy disagreed more intensively. Average rating only in PA organization without elaborated strategy is 3.57. Average values of all groups of PA organizations are possible to compare in Table 2.

Table 2. Comparison of average values of chosen statements in four groups of PA organizations

	Not elaborated strategy	Strategy as dead document	Wasted effort to implement strategy	Successfully implement strategy	Altogether
Developing and implementing of strategy is or could be costly for organizations.	3.57	2.75	2.9	2.86	3.01
Organization has no time for strategic management due to a number of operational tasks.	3.47	5.2	5.19	4.2	4.65
Organization developed or would develop a strategy because of the possibility to seek to grants.	3.07	4	2.16	1.97	2.38

A lack of time could be a reason for non-elaborating of strategy, because the statement "The organization has no time for strategic management due to a number of operational tasks" was average rated altogether with 4.65. Standard deviation is 1.53, mode 4 and median 5. On the other hand, in comparison of PA organization's groups, respondents from PA organization which didn't elaborate strategy most disagreed with this statement. From this reason authors cannot indicate a lack of time as the main barrier. Also the PA organizations with successfully implemented strategy more disagreed in comparison with overall average. More intensively agreement expressed the respondents from PA organization with elaborated but not implemented strategy. Thus, the waste of time can hinder strategic implementation.

Quite interesting are the answers related to developing a strategy and possibility to seek to grants. The vast majority of respondents disagree with the statement that the organization developed or would develop a strategy because of the possibility to seek to grants – about 71.8 % managers chosen one or two on the 7-point Likert scale, average rating of this statement is 2.38 (mode 1, median 2 and standard deviation 1.91). When authors compare the groups of PA organizations authors can say that managers from the PA organization without strategy and with strategy as dead document agreed more than from the other two groups. Average rating of each group of strategic PA organization is included in Table 2 too.

4. Discussion/Conclusions

The results of the research show that managers of PA organizations in the Czech Republic has positive attitude to strategy and strategic management. From this reason, the first hypothesis is confirmed. Although, a lot of PA organizations in the Czech Republic have elaborated strategic plan, only a few of them implement it. It is not confirmed that the main barriers for non-elaboration of strategic plan are time and finance.

PA organizations in the Czech Republic have some barriers in strategic management not only with development of strategic plan however with its implementation. Reasons of these barriers are not clear because the research do not confirm that the barriers are time and finance. It is pleased that PA organizations think strategic management as important instrument for decision process.

References

- Boyne, G. A. et al. (2003). *Evaluating public management reforms: Principles and practice*. Buckingham, UK: Open University Press.
- Broadbent, J. et al. (1991). Recent Financial and Administrative Changes in the NHS: A Critical Theory Analysis. *Critical Perspectives on Accounting*, 2, 1-29.
- Bryson, J. M. (2004). *Strategic Planning for public and nonprofit organizations: a guide to strengthening and sustaining organizational achievement*. San Francisco, CA: John Wiley & Sons.
- Ferlie, E. (2002). *Quasi Strategy: Strategic Management in the Contemporary Public Sector. Handbook of Strategy and Management*. London: Sage.
- Gibson, R. (1997). *Rethinking the Future: Rethinking Business, Principles, Competition, Control, Leadership, Markets and the World*. London, UK: Nicholas Brealey Publishing.
- Hamel, G., & Prahalad, C. K. (1994). *Competing for the Future*. Boston, MA: Harvard Business School Press.
- Hamel, G., & Breen, B. (2007). *The Future of Management*. Boston, MA: Harvard Business School Press.
- Juščius, V., & Snieška, V. (2008). Influence of Corporate Social Responsibility on Competitive Abilities of Corporations. *Inzinerine Ekonomika-Engineering Economics*, 58, 34-44.
- Kaňovská, L., & Tomášková, E. (2012). Interfunctional Coordination at Hi-tech Firms. *Inzinerine Ekonomika-Engineering Economics*, 23, 70-76.
- Kopfová, A. (2012). Strategie a její implementace v organizacích veřejné správy/Strategy and its implementation in organizations of public administration. *Societas et Res Publica*, 1, 86-97.
- Lane, J. E. (1993). *The Public Sector / Concepts, Models and Approaches*. London, UK: Sage.
- Llewellyn, S., & Tappin, E. (2003). Strategy in the Public Sector: Management in the Wilderness. *Journal of Management Studies*, 40, 955-982.
- Nutt, P., & Backoff, R. (1993). Organizational publicness and its implications for strategic management. *Journal of Public Administration Research and Theory*, 3, 209-231.
- Pulendran, S., Speed, R., & Widing, R. E. (2000). The Antecedents and Consequences of Market Orientation in Australia. *Australian Journal of Management*, 25, 119-144.
- Ring, P.S. & Perry, J.L. (1985). Strategic Management in Public and Private Organizations: Implications of Distinctive Contexts and Constraints. *Academy of Management Review*, 10, 276-286.
- Rusaw, A. C. (2007). Changing Public Organizations: Four Approaches. *International Journal of Public Administration*, 30, 347-361.
- Sedziuviene, N., & Vveinhardt, J. (2010). Competitiveness and Innovations: Role of Knowledge Management at a Knowledge Organization. *Inzinerine Ekonomika-Engineering Economics*, 21, 525-536.
- Senge, P. (1990). *The Fifth Discipline*. New York, NY: Doubleday.
- Skietrys, E., Raipa, A., & Bartkus, E. V. (2008). Dimensions of the Efficiency of Public – Private Partnership. *Inzinerine Ekonomika-Engineering Economics*, 3, 45-50.
- Tomášková, E., & Kopfová, A. (2010) Influence of Strategic Management on Market Orientation. *Economic and Management*, 15, 814-819.
- Valackiene, A., & Miceviciene, D. (2011) Methodological Framework Analysing a Social phenomenon: Stakeholder Orientation Implementing Balanced Corporate Social Responsibility. *Inzinerine Ekonomika-Engineering Economics*, 22, 300-308.